

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re	:	Chapter 11
	:	
ROCK & REPUBLIC ENTERPRISES, INC.,	:	Case No. 10-11728 (AJ8)
	:	(Jointly Administered)
Debtor.	:	
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**STIPULATION EXTENDING FINAL FACTORING AGREEMENT  
AND AUTHORIZING THE PURCHASE AND SALE OF ACCOUNTS  
WITH PRIORITY OVER ADMINISTRATIVE EXPENSES AND  
SECURED BY LIENS ON PROPERTY OF THE ESTATE  
PURSUANT TO SECTIONS 363 AND 364 OF THE BANKRUPTCY CODE**

**WHEREAS**, on April 1, 2010 (the "Petition Date"), Rock & Republic Enterprises, Inc. ("R&RE") and Triple R. Inc. ("Triple R"), debtors and debtors-in-possession (collectively, the "Debtors") filed voluntary petitions under Chapter 11 of Title 11, United States Code (the "Bankruptcy Code"); and

**WHEREAS**, on May 26, 2010, the Court entered a final order pursuant to Bankruptcy Code § 363 and § 364(c), ratifying, reaffirming and adopting the pre-petition factoring arrangement between R&RE and The CIT Group/Commercial Services, Inc. ("Factor"), pursuant to the terms and conditions of certain Pre-Petition Agreements (as defined therein) (the "Final Factoring Order")<sup>1</sup>, which Final Factoring Order (as extended by Stipulation dated October 28, 2010) provides for termination of the Factoring Arrangement on December 31, 2010; and

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<sup>1</sup> Capitalized terms not otherwise defined shall have the meaning set forth in the Final Factoring Order.

**WHEREAS**, the Debtors have requested and Factor has agreed to continue to provide factoring services to the Debtors, subject to the terms of the Factoring Order, up to and including March 31, 2011, on the terms and conditions set forth herein; and

**WHEREAS**, the Committee consents and agrees to the terms of this extension.

**NOW, THEREFORE, IT IS HEREBY**

1. The Final Factoring Order, as supplemented by the attached Budget, is hereby extended through the date of March 31, 2011 (the "Extension"), *provided however*, the percentage rate of Factor Risk Accounts advanced under Paragraph 6 of the Factoring Agreement shall be reduced by 1.5% per week, each week commencing on January 3, 2011 (such that for the week commencing January 24, 2011, such percentage rate shall be 74%; for the week commencing February 21, 2011, such percentage rate shall be 68%; and for the week commencing March 28, 2011, such percentage rate shall be 60.5%; *and further provided*, it shall be an Event of Default under the Factoring Arrangement if the Debtors fail to continue to employ Geoffrey Lurie (or such senior managerial executive as is reasonably acceptable to Factor) to provide oversight in connection with the Debtors' continued operations; *and further provided*, in connection with the Extension, a \$75,000 extension fee shall be earned on January 1, 2011 with \$25,000 due and payable on each of January 3, 2011, February 1, 2011 and March 1, 2011

2. The Final Financing Order shall in all other respects remain in full force and effect.

Date: New York, New York  
December 29, 2010

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So Ordered:

s/Arthur J. Gonzalez 1-7-2011  
ARTHUR J. GONZALEZ  
CHIEF UNITED STATES BANKRUPTCY JUDGE

Company Name: Rock & Republic Enterpri:  
Chapter 11 Bankruptcy: 16 Week Cash Flow - Liquidation  
As of 12/23

													Projected Cash Flow (\$000s)			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL
	12/24/10	12/31/10	1/7/11	1/14/11	1/21/11	1/28/11	2/4/10	2/11/11	2/18/11	2/25/11	3/4/11	3/11/11	3/18/11	3/25/11	4/1/11	
<u>A/R</u>																
Gross Sales	590	165	340	284	908	284	340	1,530	340	340	283	283	284	283	284	6,538
Net Sales	590	165	340	284	908	284	340	1,530	340	340	283	283	284	283	284	6,538
Collections	1,158	291	454	580	822	86	1,338	362	384	328	945	321	707	377	377	8,540
A/R Balance	4,408	3,840	3,714	3,600	3,284	3,380	3,578	2,580	3,748	3,704	3,716	3,054	3,016	2,593	2,499	2,406
Ineligibles	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53
Elig. A/R Balance		3,787	3,661	3,547	3,241	3,327	3,525	2,527	3,695	3,651	3,663	3,001	2,963	2,540	2,446	2,353
Elig. A/R @ 80%		3,030	2,929	2,838	2,593	2,662	2,820	2,022	2,956	2,921	2,930	2,401	2,370	2,032	1,957	1,882
<u>Inventory</u>																
Finished Goods	5,529	5,529	5,529	5,529	5,529	5,529	5,529	5,529	5,529	5,529	5,529	5,529	5,529	5,529	5,529	
Ineligibles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Elig. FG	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Elig. FG @ 0%		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Raw Materials	878	878	878	878	878	878	878	878	878	878	878	878	878	878	878	
Ineligibles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Elig. Raw Materials	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Elig. RM @ 0%		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total WIP	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	
WIP @ 0%		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Inventory Availability	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Available</b>	<b>3,030</b>	<b>2,929</b>	<b>2,838</b>	<b>2,593</b>	<b>2,662</b>	<b>2,820</b>	<b>2,022</b>	<b>2,956</b>	<b>2,921</b>	<b>2,930</b>	<b>2,401</b>	<b>2,370</b>	<b>2,032</b>	<b>1,957</b>	<b>1,882</b>	
Requirements	461	167	277	300	563	306	483	786	512	399	307	153	323	119	126	5,282
Collections	1,081	270	454	553	703	49	1,294	165	340	284	908	284	339	340	339	7,403
Loan Balance	3,139	2,519	2,416	2,239	1,986	2,103	1,292	1,813	2,086	2,200	1,599	1,468	1,452	1,231	1,018	
F/G L/Cs Opened	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Paid	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cancelled	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F/G L/C Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
P/G L/Cs Opened																
Paid/Cancelled																
Standby L/C's	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	
Cont. D&F @ 20%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Carve Out	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ttl Debt (exc. L/Debt & T/L)	2,719	2,616	2,439	2,186	2,046	2,303	1,492	2,113	2,285	2,400	1,799	1,668	1,652	1,431	1,218	
Exposure over A/R Avail.*	311	313	399	407	616	517	530	843	636	530	602	702	380	526	664	
Net Available	311	313	399	407	616	517	530	843	636	530	602	702	380	526	664	
Legal Reserve	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
Net Available (after Reserves)	211	213	299	307	516	417	430	743	536	430	502	602	280	426	564	